

**Top Secret**



DIRECTORATE OF  
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# *Central Intelligence Bulletin*

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WEST GERMANY: Brandt will accept Schiller's resignation. (Page 7)

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**WEST GERMANY:** Chancellor Brandt is likely to accept the resignation of his controversial economics and finance minister, Karl Schiller, tomorrow, but this should not affect his government's staying power.

Schiller sent a letter to Brandt on Sunday declaring his intent to resign on 7 July. [REDACTED]

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A government crisis over Schiller's recommendations for reductions in the 1972 budget publicly revealed the intra-cabinet quarrel last month. Although Brandt essentially supported Schiller over the heated protest of other ministers, a compromise was struck. Last week, on the other hand, Schiller was isolated when the cabinet overrode his strong objections to imposing monetary controls.

Schiller has reportedly posed conditions for staying on that include assurance of a cabinet post in the next Social Democratic - controlled government, as well as restoration of his authority for economic policy. Personal animosity in the cabinet toward Schiller is running high, however, and Brandt had no intention of keeping him on after elections in any case.

The affair is distasteful for Brandt politically, and it plays into the hands of opposition Christian Democrats who have criticized the government for ineffective economic policies. Nevertheless, with the Bundestag recessed for the summer and early elections planned for the fall, Brandt's problems should be manageable. He will probably split Schiller's ministry among present cabinet members, giving the economic portfolio to Schiller's arch antagonist, Defense Minister Schmidt. [REDACTED]

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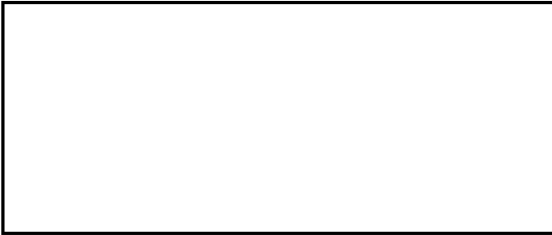
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